



Laura S. Olton  
General Counsel

August 13, 2004

**VIA HAND DELIVERY & ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**Re: Revenue Neutral Allocated Cost of Service, Docket 3610**  
**Request for Recovery of Deferred Expenses, Docket 3616**  
**The Distribution Rate Plan Stipulation and Settlement, Docket 3617**  
**Expedited Joint Motion and Memorandum to Stay Procedural Schedules**

Dear Ms. Massaro:

Enclosed for filing on behalf of The Narragansett Electric Company, The Department of Attorney General, The Division of Public Utilities and Carriers, The Energy Council of Rhode Island, the Rhode Island Economic Development Corporation and People's Power & Light, please find 10 copies of an Expedited Joint Motion and Memorandum to Stay Procedural Schedules.

Thank you for your attention to this filing. Should you have any questions regarding this transmittal, please contact me at (401) 784-7667.

Very truly yours,

Laura S. Olton

Enclosures

cc: Service List: Docket Nos. 3610, 3616 and 3617

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

<b>In Re: The Narragansett Electric Company</b>	) ) ) ) )	<b>Docket No. 3610</b> <b>Docket No. 3616</b> <b>Docket No. 3617</b>
---	-----------------------	--

**EXPEDITED JOINT MOTION AND MEMORANDUM  
TO STAY PROCEDURAL SCHEDULES**

Now comes The Narragansett Electric Company (“Narragansett” or the “Company”), the Division of Public Utilities and Carriers (“Division”), Department of the Attorney General (“Attorney General”), and The Energy Council of Rhode Island (“TEC-RI”)<sup>1</sup> (the parties to the Distribution Rate Plan Settlement in Docket 3617, together, the “Parties”) as well as the Rhode Island Economic Development Corporation (“EDC”) and People’s Power & Light, intervenors in some or all of the above-captioned dockets (“Intervenors,” together the Parties and Intervenors are referred to as the “Movants”), and jointly move pursuant to Commission Rule 1.6(b) that the Commission stay the procedural schedule in Docket 3610 and Docket 3616 in order for the Movants and the Commission to focus their time and effort to reach a timely final resolution in Docket No. 3617, the Comprehensive Distribution Rate Settlement filing. The Movants also request that the Commission shorten the time for parties to object to this motion under Commission Rule 1.15(d) and issue an order on this motion on or before August 20, 2004. The Movants agree that by approving this motion, the Commission would not waive its investigatory rights with respect to the Stayed Dockets.

In support of this motion, the Movants provide the following Memorandum regarding these dockets.

---

<sup>1</sup> As of this date, the Company has not been able to reach the United States Department of the Navy for its consent to this motion.

## **MEMORANDUM IN SUPPORT OF MOTION**

The Third Amended Stipulation and Settlement dated March 14, 2000 and approved by the Commission in Docket No. 2930 on March 24, 2000 (“2000 Settlement”) contains provisions requiring a fully allocated cost of service and rate design filing by the Company in 2004. Specifically, the 2000 Settlement provides that in the event that the Company has not filed a cost of service rate case to change rates for usage on and after January 1, 2005, “the Company shall make a revenue neutral filing of a fully allocated cost of service study by June 1, 2004 and propose new rates for all classes to take effect for usage on and after January 1, 2005.” 2000 Settlement, Section 23, page 40.

In May 2004, the Company began serious rate negotiations with numerous parties that resulted in the Distribution Rate Plan Stipulation and Settlement, filed with the Commission on June 29, 2004 in Docket 3617 (“2004 Rate Plan Settlement”). During this negotiation period, on May 21, 2004, the Company, Division, and TEC-RI filed an Expedited Joint Motion to Extend the Filing Date of the Allocated Cost of Service Study and to Defer Ruling on the Company’s Earned Savings filing in Docket 2930 (“Joint Motion”). The Attorney General also expressed its support for that motion. In that motion, the Company and supporting parties explained that the parties were seeking to reach a comprehensive settlement to establish a new rate plan agreement that would, among other things, resolve the Earned Savings issues, provide new proposed rates for the various classes of Narragansett’s customers, including new backup and low income rate designs, and other issues as well. In the motion, the parties expressed a concern that the filing of an allocated cost of service or the issuance of an order on the Earned Savings filing might adversely affect the potential for settlement.

On May 28, 2004, the Commission denied the Joint Motion requesting an extension of time to file the allocated cost of service filing until July 15, 2004, and instead granted the

Company until June 7, 2004 to make the filing. As a result, the Company filed its Revenue Neutral Allocated Cost of Service filing in Docket 3610 on June 7, 2004 pursuant to the direction of the Commission.

On June 29, 2004, the very day the Parties filed the 2004 Rate Plan Settlement with the Commission, the Commission held a procedural conference in Docket 3610. Since the 2004 Rate Plan Settlement had not yet been filed, Commission Staff established a procedural schedule in Docket 3610, including the date of August 31, 2004 for the filing of direct testimony by the Division and Intervenors.

For the same reason the parties filed the Joint Motion on May 21, as well as numerous additional reasons described below, the Movants seek to stay the procedural schedule in Docket 3610 as well as Docket 3616, Request for Recovery of Deferred Expenses (uplift).

First, the filing of testimony regarding the Company's Revenue Neutral Allocated Cost of Service Study by the Parties to the 2004 Rate Plan Settlement will likely result in Parties staking out polar positions on the appropriate rate design and allocation of costs. These issues were negotiated and compromised by the Parties as part of the 2004 Rate Plan Settlement in a manner acceptable to the Parties. The filing in Docket 3610 of potentially adverse testimony will cause the Parties to essentially have to take firm litigation stances on matters that they have already compromised, which runs the risk of jeopardizing the 2004 Rate Plan Settlement filing itself.<sup>2</sup> Further, requiring the Parties to put forth their respective litigation positions, despite the fact that they have already compromised the matters at issue, is costly and not an efficient use of administrative resources. Moreover, the Allocated Cost of Service Study filing is based on stale

---

<sup>2</sup> Similarly, the 2004 Rate Plan Settlement of Docket 3617 resolves the uplift dispute at issue in Docket 3616. 2004 Rate Plan Settlement, Section 10. Nevertheless, the procedural schedule of Docket 3616 requires the Division to provide its own statement of facts by August 30, 2004, potentially opposing the Company's Statement of Facts in that docket, and also requires the Company to file a brief on its legal position by September 30, 2004.

data – 2003 historical data. The 2004 Rate Plan Settlement, on the other hand, uses a rate year of 2005.

The Parties to the 2004 Rate Plan Settlement have varied interests and represent different constituencies. Nevertheless, the Parties all support the 2004 Settlement. The Parties are comfortable with the rate design and rate reductions provided in the 2004 Rate Plan Settlement and seek to expedite the schedule in Docket 3617 to implement the proposed reduced rates as soon as possible. EDC also has stated that the Settlement “provides significant economic benefits to the commercial and industrial ratepayers of Rhode Island.” *See* Letter from EDC’s counsel to the Commission, June 29, 2004. The 2004 Rate Plan Settlement is not revenue neutral – rather, it reduces Narragansett’s rates by \$10.2 million per year for five years. Given the benefits to customers that would occur from approving the 2004 Rate Plan Settlement, litigating the issue of rate design from the Allocated Cost of Service Study based on 2003 historical data and delaying the review of the 2004 Rate Settlement seems redundant. Moreover, a delay in review of the 2004 Rate Plan Settlement unnecessarily delays the benefits to customers at a great cost to all of the Parties. Accordingly, we are convinced that the appropriate course of action is for the Commission to review the 2004 Rate Plan Settlement in Docket 3617 first.

Pursuing both the Revenue Neutral Allocated Cost of Service Study filing and the 2004 Rate Plan Settlement filing simultaneously is also confusing to customers. The Commission has already scheduled public hearings at Pawtucket City Hall, Warwick City Hall, and East Providence City Hall in both Dockets 3610 and 3617 on the same dates and times in late August. Explaining the differences in the filings to customers will be confusing. Customers may also wonder why both dockets are occurring simultaneously when there is one docket that reduces rates to customers and should be pursued on a faster schedule.

This motion also is justified based on the expenses of duplication of resources and effort by the Parties in Dockets 3610, 3616 and 3617. Because the Commission has established concurrent procedural schedules in these three dockets, the Parties and Intervenors are participating in more than one of the open dockets, although their interest remains the same in all dockets. Moreover, the Commission has issued more than 100 data requests to date to the Company, and over 60 data requests to the Division and Attorney General, respectively, in Docket 3617, the 2004 Rate Plan Settlement. Proceeding in parallel with Docket 3616 and the matters raised in the revenue neutral filing imposes substantial additional burden, with little, if any, perceived incremental benefit resulting.

It should be noted that at the prehearing conference in Docket 3610, Commission Staff indicated that it was under a deadline from the 2000 Settlement to have rates in effect January 1, 2005 in the event that a rate plan settlement was not approved by the Commission by that date. By this motion, the Parties to the 2000 Settlement (Narragansett, the Division, the Attorney General, and TEC-RI) agree to expedite Docket 3610 if it becomes apparent that the 2004 Rate Plan Settlement will not be approved for rates to be effective January 1, 2005. As stated above, the Movants agree that by approving this motion, the Commission would not waive any of its investigatory rights with regard to the Stayed Dockets 3610 and 3616.

It should also be noted that as of this date, the Company has not been able to reach the United States Department of the Navy, a party to the 2004 Rate Plan Settlement, for its consent to this motion.

### **CONCLUSION**

For the reasons stated above, the Company, the Division, the Attorney General, TEC-RI, EDC and People's Power & Light respectfully request the Commission grant this Joint Motion as soon as possible prior to August 20, 2004.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC  
COMPANY**

By its attorneys,

*Thomas G. Robinson (280)*  
*Laura S. Olton*

Thomas G. Robinson

Laura S. Olton

25 Research Drive

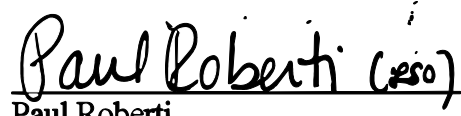
Westborough, Massachusetts 01582

(508) 389-2477

Dated: August 13, 2004

THE DEPARTMENT OF THE  
ATTORNEY GENERAL

By its attorney,

A handwritten signature in black ink that reads "Paul Roberti (250)". The signature is written in a cursive style with a horizontal line underneath.


Paul Roberti  
Assistant Attorney General  
150 South Main Street  
Providence, RI 02903  
(401) 274-4400

Dated: August 13, 2004



THE DIVISION OF PUBLIC UTILITIES  
AND CARRIERS

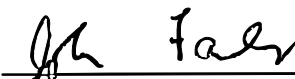
By its attorney

  
\_\_\_\_\_  
Leo Wold  
150 South Main Street  
Providence, RI 02903  
(401) 274-4400 x2218

Dated: August 13, 2004

THE ENERGY COUNCIL  
OF RHODE ISLAND

By its representative, . ;

  
\_\_\_\_\_  
John Farley  
One Richmond Square, Suite 156E  
Providence, RI 02906  
(401) 621-2240

Dated: August 13,2004

THE ECONOMIC DEVELOPMENT  
CORPORATION

By its attorney,

W. Mark Russo (250)

W. Mark Russo  
Ferrucci Russo Law Offices  
55 Pine Street - 4th Fl  
Providence, RI 02903  
(401) 455-1000

Dated: August 13, 2004

PEOPLE'S POWER & LIGHT

By its attorney,

A handwritten signature in black ink that reads "Jonathan S. Klavens". The signature is written in a cursive style. To the right of the signature, the number "(#30)" is handwritten.

Jonathan S. Klavens  
Bernstein, Cushner & Kimmell, P.C.  
585 Boylston Street, Suite 400  
Boston MA 02116  
(617) 236-4090

August 13, 2004

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 13 day of August 2004, I caused to be mailed a copy of the within Joint Motion to the service lists in Docket Nos. 3610, 3616 and 3617.

  
Joanne M. Scanlon